

The complaint

Mr B's representative complains on his behalf that Tesco Underwriting Limited (Tesco) didn't give him a partial refund on his policy premiums following a claim being confirmed as non-fault.

References to Mr B, or his representative, will include the other.

What happened

Mr B was involved in an incident whilst driving his car in November 2023. His policy renewed in January 2024 and Mr B was told his policy premiums would be recalculated once Tesco had been notified the claim was a non-fault settlement. The claim was settled as non-fault so Mr B contacted Tesco to discuss the refund to his policy premiums. Tesco said despite the claim now being closed as non-fault no recalculation of premiums was due because the claim had been rated as non-fault when the policy renewed in January 2024.

Mr B's representative wasn't happy they had been told he wouldn't now receive any refund. Tesco explained the price increase to his policy renewal in January 2024 wasn't solely caused by the claim in November 2023. It accepted it had incorrectly informed Mr B's representative both that the claim was initially rated as fault and also there would be a recalculation of his policy. Tesco apologised and paid £50 compensation for the misinformation provided by its agents.

Because Mr B's representative was not happy with Tesco, they brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and Tesco renewed the policy correctly, but provided incorrect refund information to Mr B. They didn't think the £50 compensation amount covered the impact of the distress and inconvenience caused and asked Tesco Finance to pay a further £100 to Mr B.

As Mr B's representative is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Providing they treat people fairly, insurers and brokers are entitled to charge what they feel they need to in order to cover a risk. So although I cannot tell Tesco how much to charge Mr B, I can look at whether it treated him fairly.

The way the insurance industry operates is that it sells a product for the price it calculates based on numerous commercial factors and the risk it's willing to accept. It is usual for any claim reported to be considered by insurers in an insurance quotation, even if it is a non-fault claim. Insurance companies regularly update how they rate risks and rates

continually change, and they are able to measure and predict risk as they see fit. Consumers must then decide whether they wish to purchase a policy or to seek an alternative product with another provider.

I looked at the policy documentation sent to Mr B in December 2022 when the policy first started. There were claims recorded against the named driver. One year no claims discount was recorded.

I looked at the renewal documentation sent to Mr B on 20 December 2024. This details the same claims for the named driver and two new non-fault claims in June 2023 and November 2023 recorded against Mr B. Two years no claims discount was recorded. This means liability was recorded as non-fault at the time this policy renewal was calculated and shows the no claims discount had correctly increased by one year.

The insurance market is competitive, and consumers' choices are often driven significantly by price. I recognise that price increases have been high in recent years. I saw Mr B's renewal invitation advised him he may want to compare other insurance policies available in the market, considering cover, any excesses, and the quality of service, as well as the price.

Because Mr B's policy renewal had already been priced with the claims in 2023 as non-fault, there was no refund due as it had been correctly calculated at renewal. It should be noted that non-fault claims can still impact the cost of a new policy. I am satisfied the policy renewal premium price was calculated using the correct claim information.

Tesco have accepted when Mr B's representative contacted it in June 2024 its agent didn't check the status of the claim and misinformed them there would be a recalculation of Mr B's policy. It also accepted in July 2024 its team leader incorrectly informed the representative the claim had initially been recorded as fault and as it was now recorded as settled as non-fault there would be a recalculation.

Therefore, I uphold Mr B's complaint.

Putting things right

I require Tesco to pay Mr B a total of £150 compensation as an apology for the distress caused due to loss of expectation as he believed he was going to receive a refund. This is a further £100 compensation than it originally paid for the distress caused due to Tesco misinforming him twice.

My final decision

I require Tesco Underwriting Limited to pay Mr B a total of £150 compensation, less anything already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 May 2025.

Sally-Ann Harding
Ombudsman